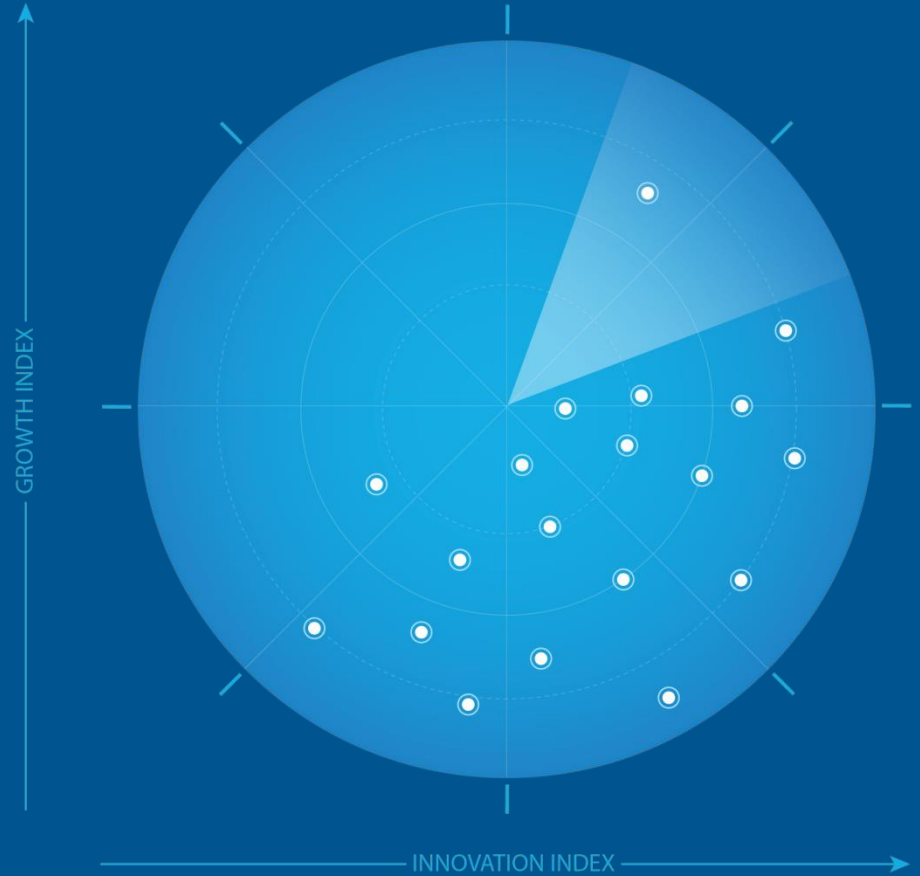


Frost Radar™: North American Customer Experience Outsourcing Services Market, 2021

A Benchmarking System to
Spark Companies to Action -
Innovation that Fuels New
Deal Flow and Growth
Pipelines

Global Information &
Communication
Technologies Research
Team at Frost & Sullivan



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Strategic Imperative and Growth Environment



Strategic Imperative

- The customer experience (CX) landscape is shifting rapidly. Enterprises across the board are realizing the significance of delivering excellent customer service as a competitive differentiator. Hence, this field is gaining more attention and greater investment priority. The CX outsourcing services market is also becoming much more tech-intensive as emerging tools are able to create a seamless and effortless CX while also significantly reducing costs across front- and back-end operations. The adoption of AI, advanced analytics, omnichannel capabilities, natural language processing (NLP), and streamlined security tools plays an important role in this competitive and dynamic market.
- Companies are expecting continuous process enhancement and rapid, constant innovation. As organizations must adapt to changing market conditions, they are looking to partner with nimble CX service providers (CXSPs) to speed up time to market. The right mix of people, processes, and technology is the key to success and will help providers bring reliable and agile transformation capabilities to their clients.
- CX is the primary factor that impacts customer loyalty and is the key differentiator that decides a company's fate. As organizations increasingly realize this, they will pay less attention to cost-related variables (such as AHT) and prioritize customer-related metrics (such as NPS). As a result, companies are increasingly defining incentives for CXSPs based on metrics such as NPS and customer satisfaction.

AHT = Averaging Handle Time; NPS = Net Promoter Score

Source: Frost & Sullivan

Strategic Imperative (continued)

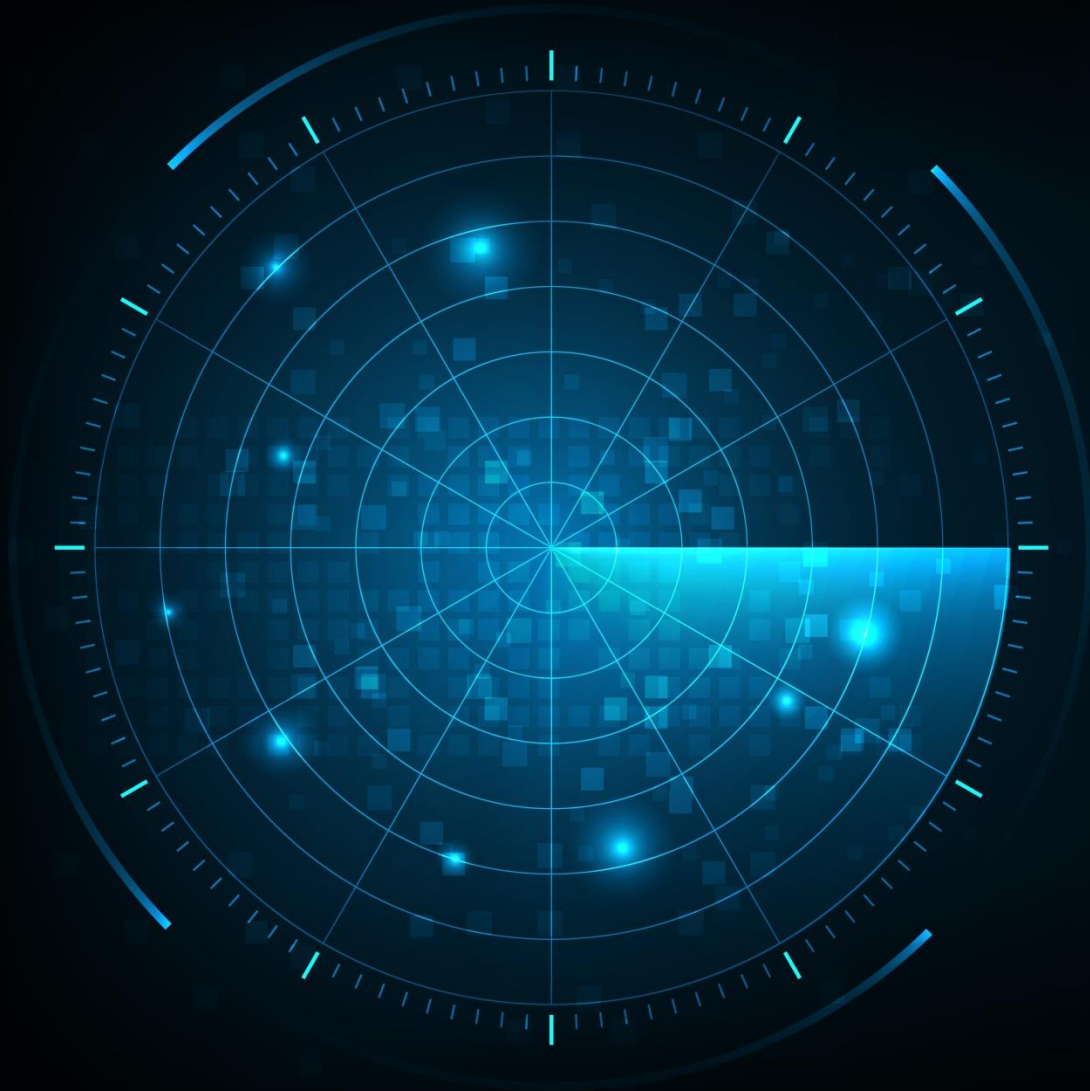
- Despite the COVID-19 pandemic, the North American CX outsourcing services industry experienced notable growth. Two factors are crucial in terms of understanding this positive trend. First, as social distancing measures limited physical encounters, relationships between brands and consumers became mostly virtual, thereby driving demand for contact center and remote CX services. Second, the pandemic brought about new challenges for in-house contact center operations, including the management of major remote operations, the implementation of several technologies to facilitate the work-from-home (WFH) model, and significant investments needed to provide a high-quality CX. Therefore, a growing number of companies started to outsource the bulk of their CX practices, which opened up major growth opportunities for business process outsourcing (BPO) providers.
- Moreover, the COVID-19 pandemic has underscored the importance of a sound business continuity plan. It has also led most CXSPs to move the majority of their agents to the WFH model. As both providers and clients realize the benefits of remote work (reduced costs and increased flexibility), both groups will want to maintain a significant portion of their remote workforce (25%-40%). Consequently, solid WFH programs will have an increasingly important role in competitive differentiation for years to come.
- Gig CX is becoming increasingly relevant in this market—not only as gig-only market participants grow (e.g., Arise, Liveops, and Support.com) but also as a sourcing option that large participants (Concentrix) are leveraging. This model makes use of a gig-based pool of employees to offer high flexibility to their clients. Agents can choose to work when they want, based on the demand for their services.

Source: Frost & Sullivan

Growth Environment

- The market is mature, fragmented, and competitive, and hundreds of providers offer a wide range of outsourced contact center services to enterprise clients. Market dynamics favor large providers (in the long term) as they have good brand recognition, solid experience, an expansive client base, and commendable resources to develop their solution portfolios and offerings.
- Mergers and acquisitions (M&As) continue to transform the market landscape. In June 2021, Sitel Group acquired SYKES Enterprises and created a new top 3 market participant, which will intensify competitive pressure in the marketplace. Market consolidation has also entered the nearshore domain, where Webhelp acquired OneLink BPO and Itel acquired Emerge BPO. Further M&A activity will take place in the forthcoming years.
- Since the move to the WFH model, Tier I providers have developed remote work platforms, which include a comprehensive stock of technology solutions pertaining to cloud communication, security, analytics, and employee engagement. Many of these BPOs have established physical hubs where remote workers can meet for collaboration, training, coaching, or social purposes.
- Frost & Sullivan study related to this independent analysis:
 - [North American Customer Experience Outsourcing Services Market Growth Opportunities](#)

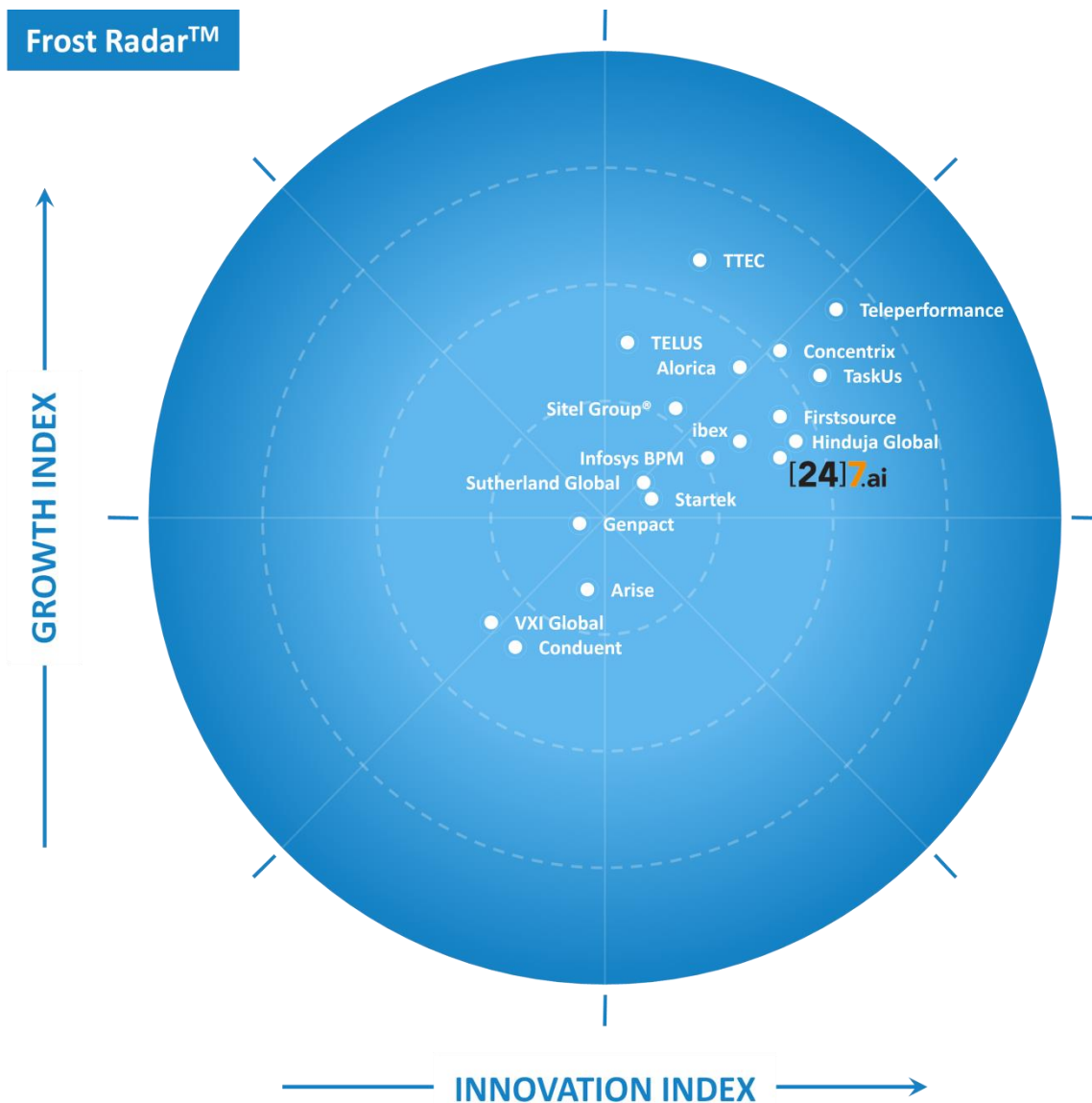
Source: Frost & Sullivan



Frost Radar™

**North American CX
Outsourcing Services
Market**

Frost Radar™: North American CX Outsourcing Services Market



Source: Frost & Sullivan

Frost Radar™: Competitive Environment

- In a highly fragmented market composed of more than 200 organizations, Frost & Sullivan independently plotted the top 18 companies in this Frost Radar™ analysis.
- Twenty major market participants (in terms of revenues) were invited to participate in this analysis. However, some vendors chose either not to participate, did not complete the questionnaire, or would not provide any data to substantiate growth or revenue in North America.
- Many similarities exist among participants of this Frost Radar™ analysis:
 - Occupy a prominent position in the market
 - Attained revenue upwards of \$250 million in 2020
 - Operated with a significant portion of their workforce from remote locations in 2021
 - Developed a WFH platform
 - Support digital channels such as chat, social media and messaging, SMS, and email
 - Leverage some degree of automation, either in front- and back-end operations
 - Have a mixed geographic footprint, including capacity onshore, nearshore, and offshore
 - Have a technology-intensive approach to drive continuous improvement and rapid innovations

Source: Frost & Sullivan

Companies to Action
Companies to be Considered First
for Investment, Partnerships, or Benchmarking

INNOVATION

- [24]7.ai established a sizable stand-alone business dedicated to developing CX technology. This creates a continual flow of innovation and a way to test new technologies before its CX services clients deploy them.
- Its [24]7.ai Engagement Cloudsuite allows clients to diagnose customer intent to build, automate, monitor, and optimize customer service and sales journeys through intuitive, self-serve interfaces.
- The company has a strong focus on front- and back-office automation, agent productivity improvement through AI-based tools, and CX transformation and optimization.
- [24]7.ai has more than 170 patents granted on several technologies including NPL, personalization, next best action, knowledge management, intelligent routing, visual interactive voice response (IVR), automation, voice of the customer, and call deflection.

GROWTH

- During 2020, [24]7.ai outgrew the revenue market average by 4 times, based on new and existing clients.
- Recent growth has led the company to expand its footprint with 6 new delivery centers and 2,000 additional seats distributed among Guatemala, Colombia, the Philippines, and India.
- Existing and new clients drive growth in its 2 horizontals (CX services and CX technology solutions) and across several industries (e.g., retail, telecom, banking and financial services, healthcare, hospitality, and high tech).
- The company's major revenue driver is accounts with fewer than 2,500 seats and \$20 million in annual contract value. However, [24]7.ai is increasing its presence in larger accounts by delivering an end-to-end value proposition.
- The company is expanding its commercial capabilities beyond North America to include EMEA and APAC.

FROST PERSPECTIVE

- The company scored high on the Innovation Index (4.1 out of 5 points), but lower on the Growth Index (3.2), as it needs to continue to expand its footprint to compete in larger accounts.
- [24]7.ai attained growing brand recognition in the conversational AI space, for both voice and digital customer engagement.
- [24]7.ai embeds techs across all steps of the customer journey and leverages solutions such as identity prediction, customer journey analytics, NLP, intent prediction, sentiment detection, advanced authentication, content personalization, intelligent routing, and agent assist.
- Through its CXaaS approach, [24]7.ai provides an end-to-end contact center management and operation offering, achieving 20% cost savings on new clients' operations.

Source: Frost & Sullivan

Strategic Insights



Strategic Insights

1

Automation and AI-based tools are transforming the CX outsourcing services landscape, and their relevance in the market is likely to increase even further in the future. Companies are looking to leverage self-service and automation tools for simple transactions, yet they are concerned about automating too much as customers might get frustrated if they are unable to interact with the brand in the way they want. Forward-looking CXSPs must guide clients to find the right mix between automation and human touch.

2

Agents are often the first point of contact with customers and, ultimately, a brand's CX depends on them. Hence, to provide a superior CX, companies must generate conditions that encourage agents to give the best of themselves. Providers must provide an optimal EX and ensure that their agents are equipped with the technological tools and assistance required to provide a prime CX across every touchpoint with the consumer.

3

In an extremely crowded marketplace, providers must find competitive differentiators that enable them to sustain growth. At the same time, clients are increasingly looking for CX and consulting experts to guide them through the transformation of customer-oriented processes. CXSPs must therefore expand their service portfolios beyond call center services and include omnichannel engagement, trust and safety, content management, data annotation, digital customer journey design, mobile app development, social media management, and process automation.

Source: Frost & Sullivan



**Next Steps:
Leveraging the
Frost Radar™ to
Empower Key
Stakeholders**

Significance of Being on the Frost Radar™

Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Source: Frost & Sullivan

Frost Radar™ Empowers the CEO's Growth Team

STRATEGIC IMPERATIVE

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

LEVERAGING THE FROST RADAR™

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**
- **Growth Pipeline™ Dialogue with Team Frost**

Source: Frost & Sullivan

Frost Radar™ Empowers Investors

STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.
- Due diligence is hampered by industry complexity.
- Portfolio management is not effective.

LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.
- Investors can perform due diligence that improves accuracy and accelerates the deal process.
- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.
- Investors can continually benchmark performance with best practices for optimal portfolio management.

NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Opportunity Universe Workshop**
- **Growth Pipeline Audit™ as Mandated Due Diligence**

Source: Frost & Sullivan

Frost Radar™ Empowers Customers

STRATEGIC IMPERATIVE

- Solutions are increasingly complex and have long-term implications.
- Vendor solutions can be confusing.
- Vendor volatility adds to the uncertainty.

LEVERAGING THE FROST RADAR™

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.
- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.
- Customers gain a long-term perspective on vendor partnerships.

NEXT STEPS

- **Growth Pipeline™ Dialogue**
- **Growth Pipeline™ Diagnostic**
- **Frost Radar™ Benchmarking System**

Source: Frost & Sullivan

Frost Radar™ Empowers the Board of Directors

STRATEGIC IMPERATIVE

- Growth is increasingly difficult; CEOs require guidance.
- The Growth Environment requires complex navigational skills.
- The customer value chain is changing.

LEVERAGING THE FROST RADAR™

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.
- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.
- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

NEXT STEPS

- **Growth Pipeline Audit™**
- **Growth Pipeline as a Service™**

Source: Frost & Sullivan

Frost Radar™ Analytics



Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

GROWTH INDEX ELEMENTS

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE™**
This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

INNOVATION INDEX ELEMENTS

- **II1: INNOVATION SCALABILITY**
This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.
- **II2: RESEARCH AND DEVELOPMENT**
This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.
- **II3: PRODUCT PORTFOLIO**
This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.
- **II4: MEGA TRENDS LEVERAGE**
This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).
- **II5: CUSTOMER ALIGNMENT**
This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

List of Acronyms

AHT – Averaging Handle Time

AI – Artificial Intelligence

APAC – Asia-Pacific

B2B2C – Business to Business to Consumer

BCRS – Business Continuity and Recovery Services

BPO – Business Process Outsourcing

CRM – Customer Relationship Management

CX – Customer Experience

CXaaS – CX as a Service

CXSPs – Customer experience service providers

EMEA – Europe, Middle East and Africa

EX – Employee Experience

FCR – First call resolution

FTSE – Financial Times Stock Exchange

HIPAA – Health Insurance Portability and
Accountability Act

HR – Human Resources

IVR - Interactive Voice Response

KPI – Key Performance Indicator

ML – Machine Learning

NLU – Natural Language Understanding

NPL – Natural Language Process

NPS – Net Promoter Score

PCI – Payment Card Industry

R&D – Research & Development

RDA – Robotic Desktop Automation

RPA – Robotic Process Automation

US – United States

VOC – Voice of Customer

WFH – Work From Home

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